

LOBLAW COMPANIES LIMITED



1993
*Annual
Report*

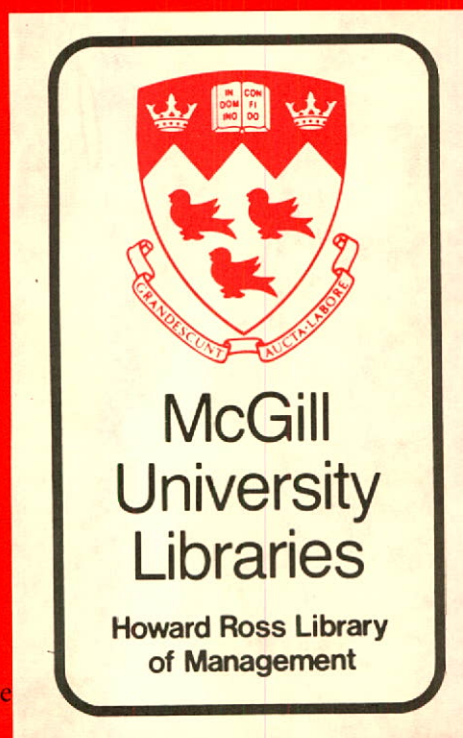
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MAR 30 1994

Annual Report
MCGILL UNIVERSITY

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LOBLAW

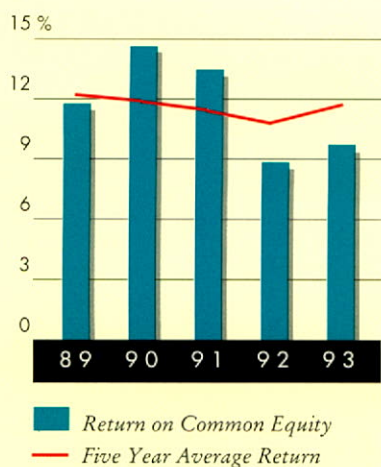
Companies Limited is Canada's largest retail and wholesale food distributor with operations across Canada and in the United States.

Loblaw strives to provide superior returns to its shareholders through a combination of share price appreciation and dividends and to this end it follows certain fundamental principles. It concentrates on being a food retailer, reinvesting in and expanding its existing markets and being highly selective in acquisitions. Loblaw seeks long term, stable growth, taking managed operating risks from a strong balance sheet position.

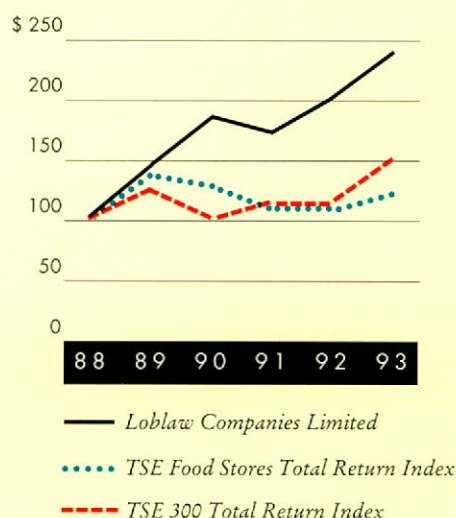
Loblaw has a responsibility to its customers. Selling more groceries than any other company in Canada, it sets a standard of value and it strives to improve this standard continuously by offering a wide variety and selection of high quality, low priced food and related products in modern, conveniently located stores.

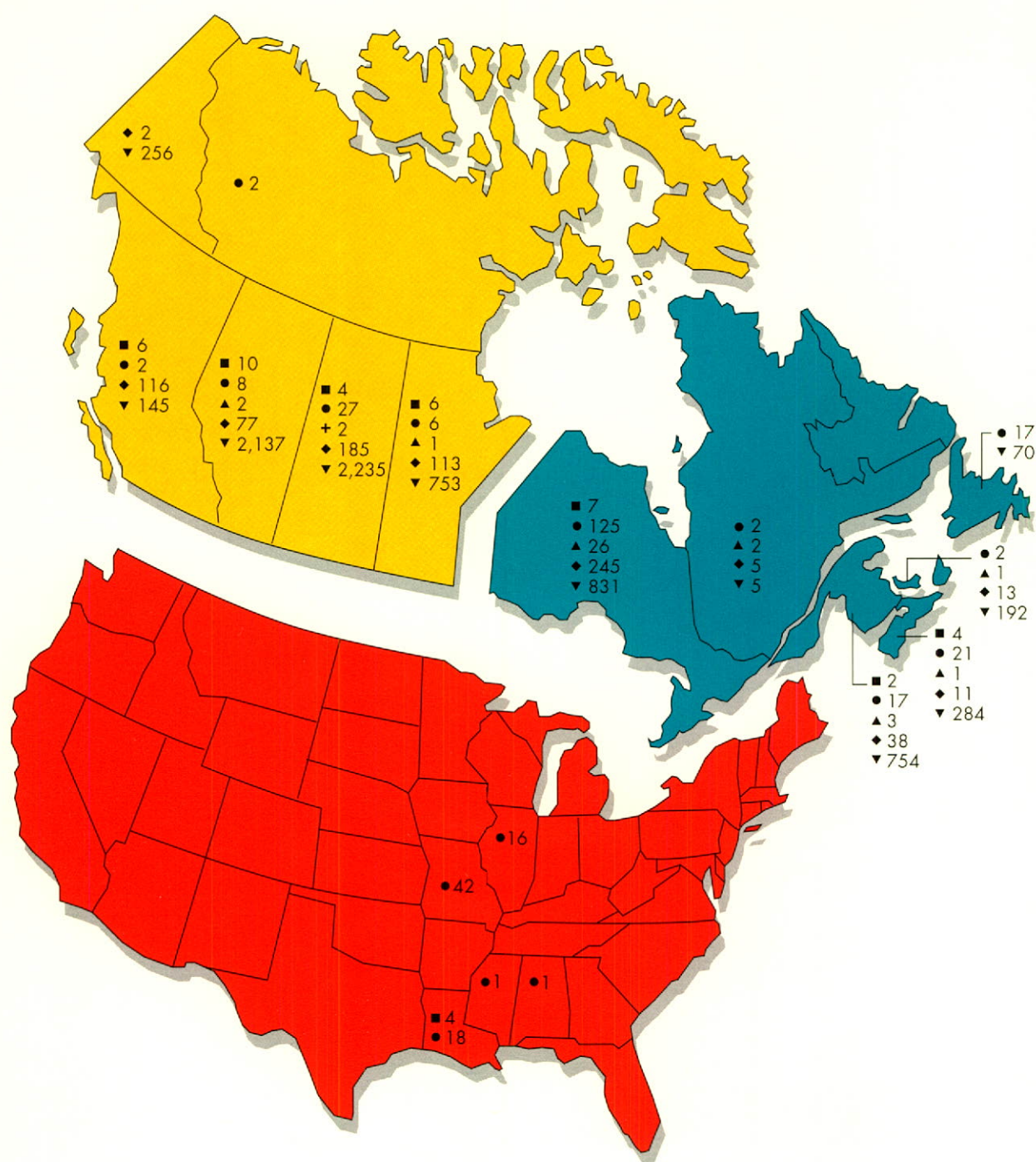
Loblaw Companies is one of the largest private employers in Canada with over 40,000 employees and it has a responsibility to provide fair wages and secure employment. Increasingly, employees are recognizing that this responsibility can best be met in a stable, low cost operating environment where all accept the need to adapt to change and constantly improve our ability to serve customers.

RETURN ON
COMMON EQUITY



FIVE YEAR TOTAL
COMMON SHAREHOLDERS'
RETURN ON \$100 INVESTMENT
WITH DIVIDENDS REINVESTED





EASTERN CANADA

WESTERN CANADA

UNITED STATES

RETAIL

- Superstores
- Conventional Stores
- ▲ Cash & Carry Stores
- + Real Canadian Wholesale Club

WHOLESALE

- ◆ Franchised Independent Stores
- ▼ Independent Accounts

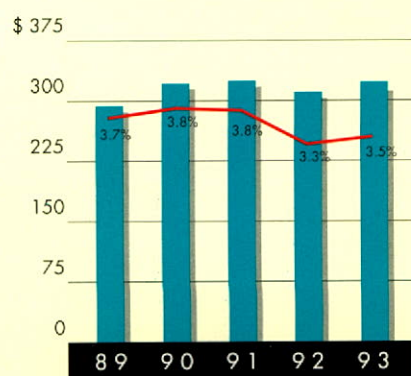
In addition, the Company supplies certain President's Choice™ products to various independent retailers in 34 States and Bermuda.

FINANCIAL HIGHLIGHTS

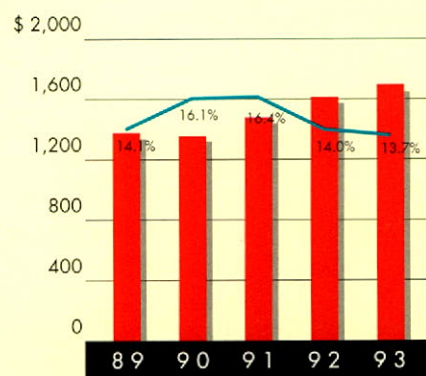
	1993	1992	1991
OPERATING RESULTS (\$ millions)			
Sales	9,356	9,262	8,533
Trading profit	323	309	324
Operating income	200	193	219
Earnings before income taxes	149	125	162
Net earnings	93	80	105
FINANCIAL POSITION (\$ millions)			
Total debt	760	578	594
Total shareholders' equity	1,003	972	941
Total assets	2,743	2,474	2,362
CASH FLOW (\$ millions)			
Cash flow from operations	282	273	221
Purchase of fixed assets	315	198	159
PER COMMON SHARE (dollars)			
Net earnings	1.07	.88	1.17
Cash flow from operations	3.44	3.34	2.70
Book value	11.37	10.57	9.52
Actual dividends paid	.24	.24	.23
Year end dividend rate	.24	.24	.24
Price range - high	24	20 ¹ / ₂	22 ¹ / ₂
- low	18¹/₂	16 ³ / ₈	16 ³ / ₈
FINANCIAL RATIOS *			
Return on common equity	9.7%	8.8%	13.4%
Return on capital employed	13.7%	14.0%	16.4%
Return on sales			
Trading profit	3.5%	3.3%	3.8%
Earnings before income taxes	1.6%	1.3%	1.9%
Net earnings	1.0%	.9%	1.2%
Interest coverage on total debt	3.9:1	3.3:1	3.9:1
Total debt to equity	.46:1	.38:1	.36:1

* For purposes of calculating financial ratios, debt is reduced by cash, short term investments and security deposits.

TRADING PROFIT AND TRADING
PROFIT AS A % OF SALES
(\$ millions)



AVERAGE CAPITAL EMPLOYED
AND RETURN ON CAPITAL
(\$ millions)



1993 REVIEW

1994 OUTLOOK

▼ Total Assets (%) 1993 - \$ 2,743

Capital Expenditures (%) 1993 - \$ 315 ▼

48.5

- Ontario business emerges from recent price wars with a two percentage point improvement in market share and 8 percent sales increase in comparable stores.
- 6 new stores opened in Ontario. 37 stores remodeled to offer customer savings in Club Packs™ and discount drugs.
- All support functions (those that do not directly affect the customer) combined for Atlantic Wholesalers and National Grocers.
- 4 Superstores in the Maritimes completely renovated.
- All businesses in Eastern Canada now report to David Williams, President of National Grocers.

56.5

- Momentum of increasing market share and increasing same store sales in Ontario continues with at least 12 planned openings of over 525,000 sq.ft. of new corporate and franchise stores.
- More than 13 stores renovated to add new departments including pharmacies, photolabs and 'music, books and video' sections.
- Benefits of increased efficiencies and renovated stores should be felt in the Maritimes.
- Improved operating earnings.

26.9

- Record profits in 1993 despite earnings being constrained by price wars in Alberta in the first half of the year.
- 5 new Real Canadian Superstores opened during the year.
- 11 Cash & Carry stores closed and a net closure of 4 wholesale branches, leading to overall sales declines.

25.9

- Focus on attaining greater cost efficiencies from rationalized warehouse and distribution system.
- 4 new Real Canadian Superstores and at least 2 Real Canadian Wholesale Clubs will be opened.
- Improved operating earnings.

24.6

- 34 week strike in New Orleans costs 20 cents per share and forces 5 store closures.
- 2 new stores opened in St. Louis, including dramatic new 65,000 sq. ft. National Market in Hampton Village.
- Development of private label programs for Wal-Mart and 9 other U.S. grocery chains continues.

17.6

- Profitable business with competitive labour rates emerges after strike in New Orleans.
- Renewal of asset base in St. Louis with 4 store openings.
- Improved operating earnings.

STORE BANNERS

Sales (%) 1993 - \$ 9,356

(\$ amounts in millions)

Operating Income (%) 1993 - \$ 200

35.1 RETAIL

46.0

Loblaws
60 STORES

the supercentre
6 STORES

the real atlantic Superstore
6 STORES

zehrs markets
51 STORES

save-easy
22 STORES

zehrs food plus
5 STORES

SuperValu
6 STORES

Dominion
17 STORES IN NEWFOUNDLAND

51 Stores are operated under various other banners including 31 Cash & Carry.

19.8 WHOLESALE*

FORTINOS
17 STORES

no frills
48 STORES

your
INDEPENDENT GROCER
36 STORES

valu-mart
66 STORES

save-easy
42 STORES

mr. grocer
23 STORES

69 Stores are operated under various other banners.

47.5

21.4 RETAIL

the real Canadian Superstore
27 STORES

OK! economy
38 STORES

THE REAL CANADIAN WHOLESALE
No Membership Required
2 STORES

15 Stores are operated under various other banners including 5 Cash & Carry.

9.2 WHOLESALE*

SuperValu
56 STORES

SHOP EASY FOODS
19 STORES

Shop-Rite
37 STORES

Extra Foods
8 STORES

TOM-BOY FOODS
53 STORES

LUCKY DOLLAR FOODS
307 STORES

24 Stores are operated under various other banners.

14.5 RETAIL

national
60 STORES

the real Superstore
4 STORES

canal villere
10 STORES

That Stanley!
5 STORES

national Market
1 STORE

2 Stores are operated under various other banners.

6.5

* Franchise Banners

RETAIL AND WHOLESALE OPERATIONS

▼ Retail and Wholesale Sales (%) 1993 - \$ 9,356

(\$ amounts in millions)

71.0	RETAIL OPERATIONS	1993	
		Stores	Sq. Ft. (in millions)
	CORPORATE STORES		
	Beginning of year	400	13.2
	Opened or acquired	20	1.1
	Closed	(35)	(.6)
	Franchised:		
	Transfer to	(5)	(.1)
	Transfer from	8	.1
	End of year	388	13.7
	Average store size (in thousands)		35.3
	Analysis by size		
	More than 60,000 sq. ft.	52	5.1
	40,000 - 60,000 sq. ft.	63	2.9
	20,000 - 39,999 sq. ft.	155	4.3
	10,000 - 19,999 sq. ft.	72	1.1
	Less than 10,000 sq. ft.	46	.3
		388	13.7
	RETAIL SALES	\$6,644	
	Annual average sales per gross sq. ft. (dollars)	\$497	

Retail sales consist of sales to consumers through corporate stores operated by Loblaw Companies Limited.

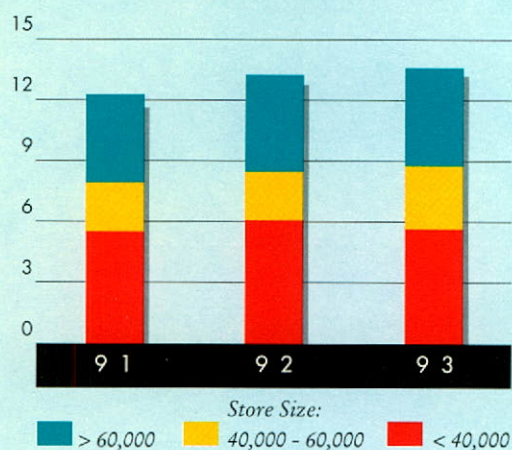
29.0	WHOLESALE OPERATIONS	1993	
		Stores	Sq. Ft. (in millions)
	FRANCHISED INDEPENDENT STORES *		
	Beginning of year	826	7.0
	Opened	179	.7
	Closed	(197)	(.8)
	Corporate:		
	Transfer from	5	.1
	Transfer to	(8)	(.1)
	End of year	805	6.9
	WAREHOUSES	36	
	INDEPENDENT ACCOUNTS	7,662	
	WHOLESALE SALES	\$2,712	

* Independently operated stores under franchise agreement with subsidiaries of Loblaw Companies Limited.

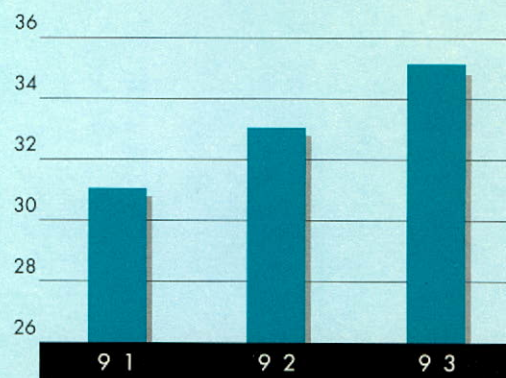
Wholesale sales consist of sales and service fees to franchised independent stores and independent accounts but exclude sales to corporate stores and other inter-company sales.

STORE ANALYSIS

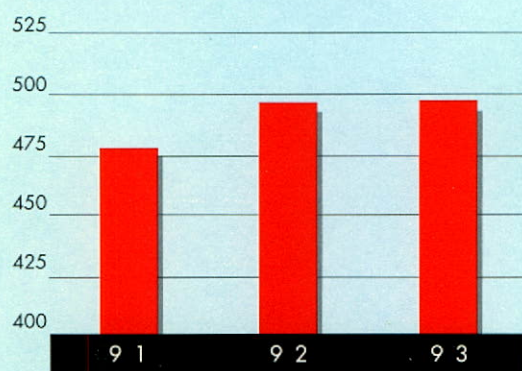
CORPORATE STORE
SQUARE FOOTAGE
(millions of sq.ft.)



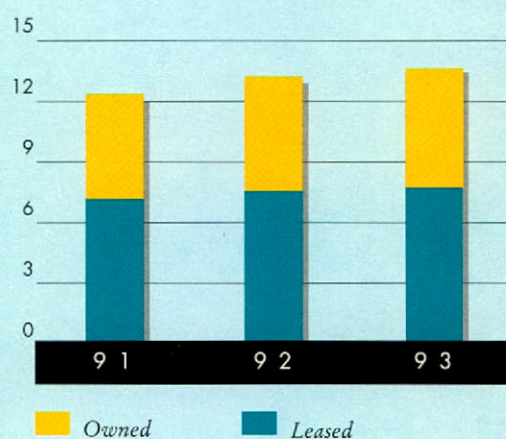
AVERAGE CORPORATE
STORE SIZE
(thousands of sq.ft.)



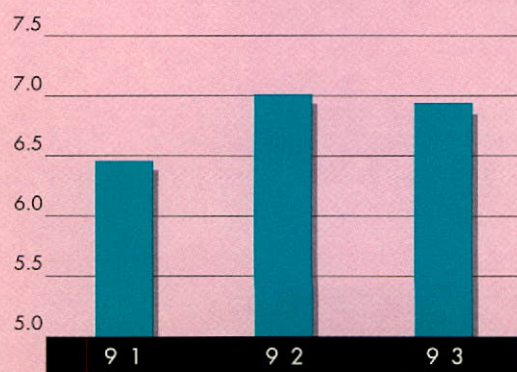
ANNUAL CORPORATE STORE SALES
PER SQUARE FOOT
(dollars)



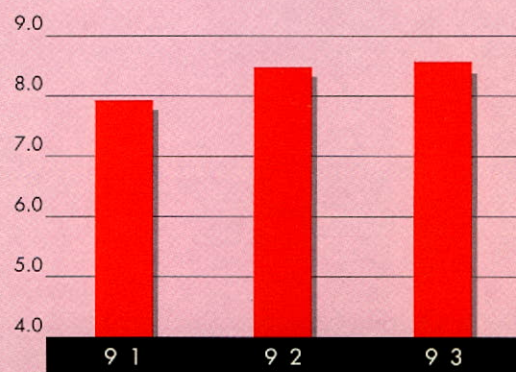
CORPORATE STORE SQUARE
FOOTAGE OWNED VS. LEASED
(millions of sq.ft.)



FRANCHISE STORE
SQUARE FOOTAGE
(millions of sq.ft.)



AVERAGE FRANCHISE
STORE SIZE
(thousands of sq.ft.)



LOBLAW Companies Limited

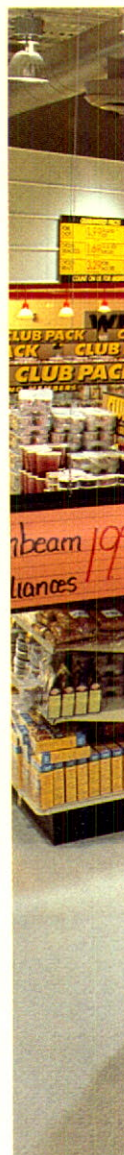
had a good year in 1993 while many competitors were hard pressed by the changing marketplace. The year saw exceptional competitive activity as the industry moved to an excess of supply over demand and consumers sought quality goods at even lower prices. It is the response to these consumer demands for greater value that determines success in the food industry today and we believe your Company has responded well.

 Net earnings for the year 1993 were \$93.4 million (\$1.07 per common share) compared to \$79.8 million (\$.88 per common share) in 1992, an increase of 17.0 percent or 21.6 percent on a per common share basis. On what we consider the more important measure of trading profit (operating earnings before depreciation, or EBITd), the \$322.8 million of 1993 exceeded 1992 by 4.5 percent.

 Sales increased by 1.0 percent to \$9.36 billion from \$9.26 billion in 1992. Sales were affected by a 34 week strike in the United States and the planned closure of warehouses in Western Canada in March and April resulting in the discontinuance of unprofitable supply of \$300 million of annualized sales to certain regional customers. Sales and tonnage growth throughout the business are strong in the areas where strength is important, particularly in the Ontario market and The Real Canadian Superstores in the West.

 By reducing our own cost structure, by reinvesting in our most efficient formats and by further increasing our concentration on our own products, the familiar President's Choice™, no name™ and Club Pack™, we have been able to improve sales and tonnage and market share last year after the 7 percent tonnage increase in 1992. In Canada, we have been able to compete on a sustained

THE COMPANY IS ENTERING A PERIOD OF MAJOR CAPITAL INVESTMENT. WHERE IT IS CHALLENGED, LOBLAW WILL NOT COMPROMISE THE LONG-TERM VIABILITY OF THE BUSINESS WITH A SHORT-TERM RESOLUTION.

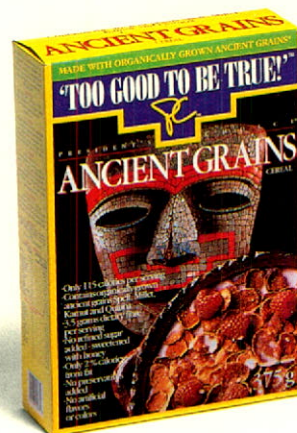




Responding to warehouse membership club stores entry into the Canadian market, Club Pack™ sections offer unmatched value in multi-pack and economy sized products with “No Membership Required”.

basis in the West and in Ontario for some time. After the concentrated work in the Maritimes, our capabilities and our management in that region have now been materially enhanced. In the United States, the 34 week strike left us with competitive labour rates and conditions in New Orleans. St. Louis continued to deliver superior returns for another year.

 Control over costs is fundamental to our continued competitive success. In 1993 and in early 1994, labour unions gave material wage rollbacks and work-rule concessions to our primary competitors both in the West and in Ontario. Ironically, these unions also represent our employees in those markets, yet we have not received wage rollbacks. In the past few years, as a result of our development of new store formats and franchise vehicles, we believe we have created more unionized jobs (and as a result, more cash flow to the unions) than any company in



THE UNIQUE BREAKFAST CEREAL ANCIENT GRAINS EXEMPLIFIES LOBLAW'S CORPORATE BRAND PROGRAM, WHICH FEATURES INNOVATIVE FOODS IN DISTINCTIVE PACKAGING.

Canada and vastly more than the companies now benefitting from concessions. The inability of labour unions to attract members from the new formats, the drug and mass merchandisers selling food, has led, and will continue to lead to a difficult labour environment for all unionized supermarkets. New members to unions are analogous to our sales. If we don't get sales we must cut costs. If unions don't get new members they don't try to cut costs, they try to increase the burden on the companies employing their members! Hence the basis of the continual confrontation. Unless unions sign up new members (and new members must come from the new formats), the confrontation situation will not change.



Last year in the Annual Report we outlined our business strategies:

- Concentrate on being a food distributor
- Continue to reinvest in existing markets
- Continue to make only the most selective acquisitions
- Continue to invest in products and technology
- Continue to play for the long term
- Continue to be competitive

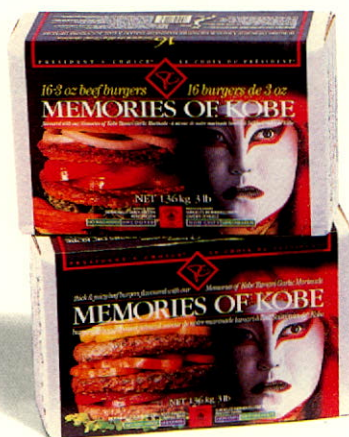
All of these aims were applied in 1993.

- **Concentrate on being a food distributor**

We think of our stores as not only selling food but offering a 'one stop shop for everyday household needs'. To that end,

we have developed photolabs, gas bars, pharmacies, cosmetics, selected general merchandise, greeting cards, health and beauty care and 'music, books and video' (MBV) sections, to meet these everyday needs. These sections and products are represented to varying degrees in all new stores, in addition to foods.

**INVOKING THE PRESTIGE
AND REPUTATION OF
JAPAN'S KOBE BEEF,
PC KOBEBURGERS HAVE
GAINED A SOLID SHARE
OF THE PRE-PACKAGED
HAMBURGER MARKET.**



- **Continue to reinvest in existing markets**

For some time, Loblaw Companies has been the largest food distributor in Canada. The difference between being an also-ran in the past and the leader today is the concentration of sales in selected formats in selected markets to attain high market share per store relative to the competition. We entered no new markets in 1993 without satisfying this criteria and decided not to enter Quebec because these criteria could not be met.

- **Continue to make only the most selective acquisitions**

No acquisitions were made last year although the second largest capital program in our history, \$315 million, was completed in 1993. The last major acquisition was 10 Steinberg stores in the Ottawa Valley in March, 1992 and we are presently working on completing an 8 store acquisition of the Food Group in New Brunswick. These are small but targeted acquisitions to fill specific niches.

- **Continue to invest in products and technology**

We continue to invest in products and technology. Although we are a merchandising company and our world famous 'own label' lines, President's Choice™, no name™ and Club Pack™ are used primarily for our own benefit, the sale of these products and expertise to selected non-

competing retailers outside Canada offers market and sourcing possibilities while providing Loblaw Companies some profit opportunity.

Merchandising technology continues to offer us increasing competitive advantages as we move from earlier static forms to the present and future 'on-line' and interactive modes. Information related to our buying of goods when interchanged across all divisions has also resulted in new and continued profit opportunities throughout the Company.

- **Continue to play for the long term**

We always emphasize the long term over the short, although the need for earnings and cash flow on a steady basis is recognized and appreciated. By concentrating on cash flow and the importance of building assets as well as increasing earnings, a sustainable growth rate is being established.



**CLUB PACK™ OFFERS
EXCELLENT VALUE THROUGH
LARGE SIZES OF POPULAR
FOODS, SUCH AS THIS
PRESIDENT'S CHOICE™
THREE CHEESE MEAT LASAGNA.**

- **Continue to be competitive**

For 1994 and beyond, we expect earnings increases and a strong performance compared to the industry and our primary competitors. In the East, we are well positioned, particularly in Ontario, with superior locations, formats and a solid franchise program to complement the owned corporate stores. In the West, The Real Canadian Superstore has proven itself under all operating conditions as superior to any other vehicle in the marketplace and its development in smaller communities offers continued advantages. In the United States, with an improved cost base after last year's strike and the planned investment in new stores and vehicles this

year, we expect that business will return to its former profitability levels, perhaps with lower returns but certainly on a more secure base.

 Although we have high expectations for the next few years, we are continually impressed with the level of

expertise and depth of commitment that we see throughout the Company and we believe that these ambitious plans will be delivered.

**LOW IN CALORIES,
HIGH IN FIBRE AND
NUTRITION, THESE
DELICIOUS INSTANT SOUPS
REPRESENT THE "TOO
GOOD TO BE TRUE!"™
PRODUCT LINE.**



W. Galen Weston

W. Galen Weston
Chairman

Richard J. Currie

Richard J. Currie
President

CORPORATE SUPPORT

LOBLAW BRANDS LIMITED

John W. Thompson
Executive Vice President
Loblaw Companies Limited
22 St. Clair Avenue East, Suite 1800
Toronto, Ontario M4T 2S8

- Negotiates product supply terms and arrangements with national brand manufacturers.
- Develops, sources, designs and tests corporate brand products including President's Choice™, no name™, "TOO GOOD TO BE TRUE!"™, G•R•E•E•N™, as well as the various "house brands" that are unique to each of our operational segments.
- Markets the line of President's Choice™ products into select United States supermarket chains.
- Provides product development, sourcing and testing services to select international companies for their own corporate brands.

OPERATIONAL SEGMENTS

EASTERN CANADA

National Grocers Co. Ltd.
David M. Williams, Executive Vice President
Loblaw Companies Limited

RETAIL

Loblaws Supermarkets
John Lederer
22 St. Clair Avenue East, Suite 801
Toronto, Ontario M4T 2S5

Zebrmart
Grant Heimpel
100 Holiday Inn Drive
Cambridge (H),
Ontario N3C 3K1

WHOLESALE

Franchised Independent Programs:

*Your Independent Grocer,
valu-mart and Mr. Grocer*
Kevin Ryan

no frills
Paul Ormsby
6 Monogram Place
Weston, Ontario M9R 4C4

Fortinos
Vince Scornaienchi
90 Glover Road
Hamilton, Ontario L8N 4G1

Atlantic Wholesalers
Tom Cogswell
Summit Park I
120 Eileen Stubbs Avenue
Dartmouth, Nova Scotia B3B 1Y1

WESTERN CANADA

Westfair Foods Ltd. and Kelly, Douglas & Company
Serge K. Darkazanli, Executive Vice President
Loblaw Companies Limited

RETAIL

The Real Canadian Superstore
Tom Fraser
OK Economy
Fred Freeman
3225-12th Street N.E.
Calgary, Alberta T2E 7S9

WHOLESALE

Franchised Independent Programs:

Extra Foods
Dave De Luca
SuperValu and Shop Easy Foods
Jim Courtney
3225-12th Street N.E.
Calgary, Alberta T2E 7S9

UNITED STATES

National Tea Co.
Harold A. Seitz, Executive Vice President
Loblaw Companies Limited

RETAIL

St. Louis Supermarkets
Bob Nichols
The Real Superstore (New Orleans)
John Estes
New Orleans Supermarkets
Dave Daroca
6050 N. Lindbergh Blvd.
Hazelwood, Missouri 63042

Retail divisions operate corporately owned supermarkets.

Wholesale divisions supply a full line of national brand products and a variable line of corporate brand products (depending on the store type) to franchised independent stores and independent customers.

EAST

1993 was a year of significant profit improvement in Ontario and major restructuring in Atlantic Canada.

The Ontario business launched several strong sales initiatives in various markets during 1992. These pricing strategies resulted in price wars but captured materially increased sales. Due to the competitive climate and these

BY REORGANIZING THE MAJOR SYSTEMS IN ATLANTIC CANADA, AND COMPLETELY INTEGRATING THE BUSINESS WITH ONTARIO, THE MARITIMES NOW ENJOY DISTRIBUTION EFFICIENCY, BETTER PURCHASING POWER AND THE ADVANTAGES OF REDUCED OVERHEAD.

lower prices, earnings in Ontario were constrained in that year. However, this strategy was solidly based on cost reduction activities. In 1992, a wage freeze for salaried staff was implemented. Union settlements, arrived at through difficult negotiations, provided improved flexibility, satisfactory monetary adjustments and a stable environment for new store development. Selective staff reductions were made and administrative and distribution costs declined relative to sales. Sales increases and cost reductions led to a significantly strengthened competitive position in 1992 and provided the base for profit growth in 1993.

In Ontario, same-store sales grew by 8 percent. This growth, combined with new stores, resulted in a 2 percentage point increase in overall market share in 1993 and a 6 percentage point increase over the last three years. These encouraging results were achieved despite a weak economy, Loeb's and Sobey's expansion into southwestern Ontario and the entry of Price Club.

Market success in Ontario has been based on more than price. Loblaw's has put an emphasis on improved store standards and increased training. New departments including health and beauty care, pharmacy, photolab, 'music, books and video' and Club Pack™ sections were introduced and are now being added to a number of stores. This business is poised for major real estate growth over the next three years. Zehrs, the other major corporate store banner, continues to excel at store execution. It has maintained its market leadership in its prime trading areas and has now established itself in new markets in St. Catharines and Barrie. New stores and expansions are replacing older units with more modern facilities.

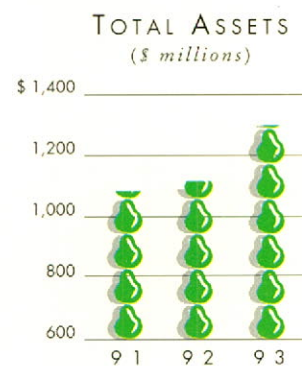
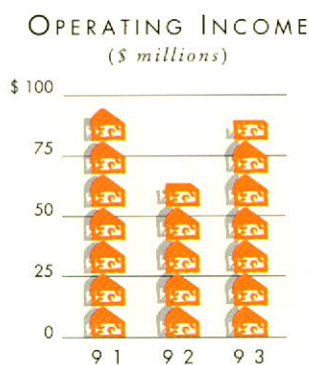
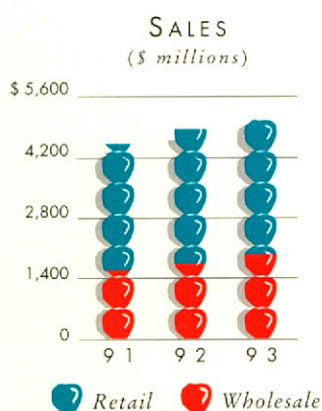
The franchised independent businesses in Ontario have also moved steadily forward with Your Independent Grocer (YIG), valu-mart and Mr. Grocer stores from Kapuskasing in the north to Windsor in the southwest and Cornwall in the east. The YIG operations have been strengthened through increased use of corporate brands, improved fresh departments,



Loblaw continues to add in-store pharmacies to its supermarkets, providing more services and products under one roof for one-stop shopping.



Deli departments provide popular and exotic meats and cheeses, store-made pastas, salads and other sumptuous time-saving food.



EAST

more training at store level and greater reliance on technology. Although sales have been tempered by closure of weaker units, profits have increased. Eight of the 10 stores acquired from Steinberg in the greater Ottawa area in 1992 were franchised and successfully integrated into the YIG program. The no frills group has delivered good sales and profit increases. This franchise

program is based on a discipline of low capital costs, tight expense control and relatively limited product assortment, allowing it to be a leader in the discount field. Fortinos, acquired in 1988, has grown from 8 stores to an all-franchised group of 17 stores in the Hamilton, Burlington and greater Metro Toronto area.

The administrative and distribution functions are carefully managed to support these retail and franchised businesses in Ontario. In spite of inflationary pressures in a number of cost areas, the

distribution group continued to record a reduction in costs relative to tons of product shipped.

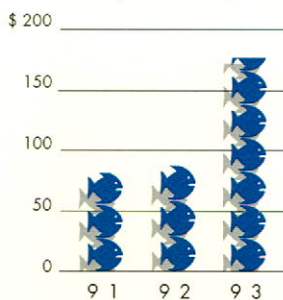
In addition to the significant profit improvement in Ontario, the other important accomplishment in Eastern Canada in 1993 was a major restructuring of our business in the Atlantic provinces. Several years ago, the businesses in Ontario began a process of centralizing administrative and support functions. Efficiency was improved while the various retail and wholesale groups were able to remain clearly focused on their customers. In 1992, the decision was made to expand this process to Atlantic Canada.

Work was completed in Newfoundland late in 1992 and in 1993 substantial system conversions for the Maritime provinces were essentially completed. The non-core businesses of Fundy Distributors (pharmaceuticals) and Capitol Stores were sold (in late 1993 and early 1994), several hundred unprofitable small independent wholesale accounts were eliminated and the office was relocated from Sackville, New Brunswick to Dartmouth, Nova Scotia. Remodels were completed in 4 Real Atlantic Superstores and 4 SuperValu stores in late 1993 and in early 1994 Atlantic entered into an arrangement with The Food Group Inc. which will allow it to purchase 8 stores, subject to certain conditions. The business in Atlantic Canada is now positioned to sharpen its customer focus and increase its market coverage from a materially improved cost and asset base.

Good profit improvement is expected from the combined Eastern Canadian business in 1994.

IN 1994, A SIGNIFICANT CAPITAL INVESTMENT PROGRAM WILL SEE AT LEAST 15 NEW CORPORATE AND FRANCHISE STORES BUILT IN EASTERN CANADA, ADDING TO THE STRONG MARKET SHARE GAINS ALREADY ACHIEVED.

PURCHASE OF
FIXED ASSETS
(\$ millions)



WEST

The Western Canadian business posted record earnings, despite reduced sales for the year and lower profits in Alberta. The erosion of Alberta earnings resulted from a price war instigated by Safeway in February and funded by union concessions with an estimated value of \$40 million. By mid year, the intensity of the price war had abated somewhat, but it continued for the balance of the year as other competitors continued to retaliate. The war was not without its casualties, particularly the demise of the Food City chain in Alberta.

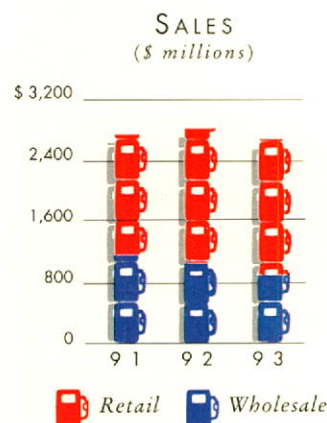
Retail operations continued to increase in profitability. This performance is due in large measure to the success of The Real Canadian Superstore program. During 1993, 5 new Superstores were added in Thunder Bay, Ontario; Grande Prairie, Edmonton and Medicine Hat, Alberta; and Courtenay, British Columbia. Four more Superstores are planned for 1994. During the year, 3 conventional stores were also added. The Club Pack™ program was extended into a bulk produce offering in The Real Canadian Superstores with satisfactory results. The opening of several large Asian food stores in the Lower Mainland of British Columbia failed to dislodge the ethnic trade enjoyed by the Superstores, which remain committed to serving these customers.

During the year, although no new outlets were opened, the evolution of The Real Canadian Wholesale Club concept continued. While we remain confident that this "no membership fee" vehicle will be a successful entry into the wholesale club market, it is still too early to proclaim the program an unqualified success. Nevertheless, in 1994, at least 2 new Real Canadian Wholesale Clubs are planned to open.

In wholesale operations, profitability declined while rationalization continued, with a further shift in the wholesale business from small, less profitable independent accounts to independent retail outlets and a harmonization of the various franchised independent programs. As part of this process, there was a net closure of 4 more wholesale branches. This rationalization and continuing projects to improve productivity and reduce distribution costs are expected to result in significant wholesale profitability improvements in 1994.

The outlook is for another year of record earnings from the Western Canadian business.

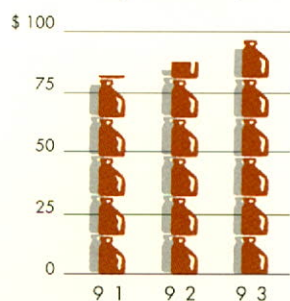
HAVING EMERGED SUCCESSFULLY FROM THE PROTRACTED PRICE WAR IN ALBERTA, LOBLAW CONTINUES ITS FOCUS ON THE REAL CANADIAN SUPERSTORE AS A VEHICLE FOR EXPANSION IN WESTERN CANADA.



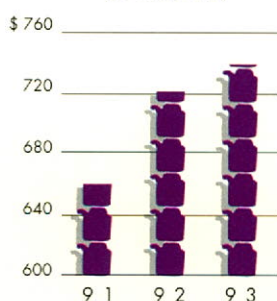


Gas bars complement many Real Canadian Superstores, by offering gasoline at low prices, store coupons, house brand products and shopping convenience.

OPERATING INCOME
(\$ millions)



TOTAL ASSETS
(\$ millions)

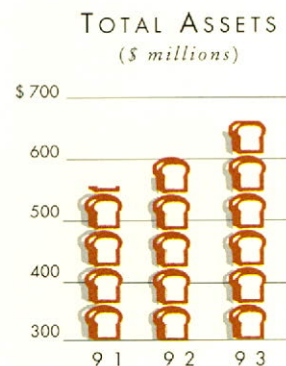
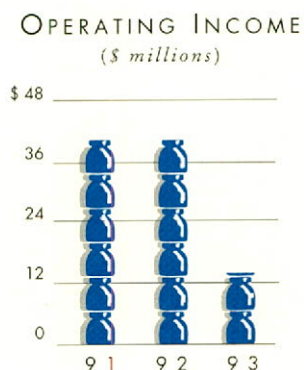
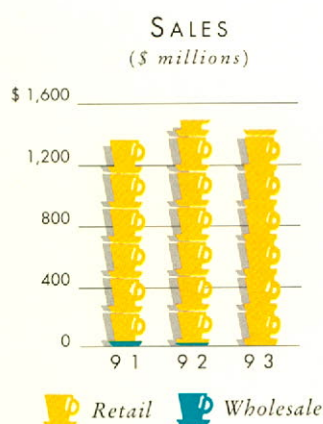


PURCHASE OF
FIXED ASSETS
(\$ millions)





Coffee lovers appreciate the generous variety of fresh coffee beans available at National Tea's new National Market in St. Louis.



U.S.A.

In 1993, this business set out to reconstruct its operations to respond to the demanding retail environments in which it operates. Labour costs were reset to market parity in New Orleans. Centralized grocery procurement was established to serve both St. Louis and New Orleans. Buying and category management systems were upgraded to strengthen mix management and unique store formats launched to penetrate important markets.

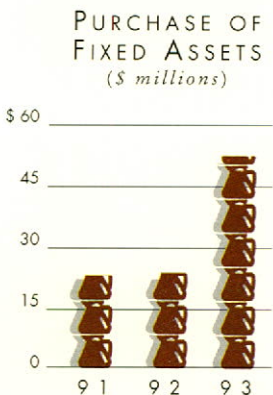
U.S. OPERATIONS WEATHERED A PROLONGED STRIKE IN NEW ORLEANS AND SUCCESSFULLY OPENED A SPECTACULAR NEW KIND OF DESTINATION SUPER-MARKET IN ST. LOUIS, THE NATIONAL MARKET.

In New Orleans, as the only fully unionized retail chain in the market, the business had operated at a disadvantage. In a determined effort to gain parity in labour costs for the first time in thirty years, we engaged in a 34 week strike called by the United Food and Commercial Workers Union. While 4,748 employees representing 88% of the total work force continued to work, a small splinter group of about 300 picketing strikers severely impacted sales. Unexpectedly, the strikers received support in the form of Unemployment Insurance Benefits from the state of Louisiana. The business was forced to close 5 stores and incur an estimated \$25 million in lost profits and strike related costs before settling the dispute under the same terms and conditions originally proposed by the Company.

Now that labour cost parity has been achieved, The Real Superstore in Baton Rouge has reopened and 9 older conventional supermarkets are being converted to our high turn, low margin, limited assortment format called "That Stanley!". The business plans to evolve into 9 Real Superstores, 14 That Stanley! and 2 niche supermarkets to attain solid profitability.

The St. Louis market is not growing and is currently served by 5 supermarket chains, 5 mass merchandising discount store chains, 6 wholesale clubs and 2 limited line food chains. Recognizing these market realities, a unique store format called "National Market" was developed in 1993 to showcase perishables while offering value in grocery and drug products. A growing representation of private label products provides a blend of unique, low price alternatives to the usual manufacturers' brands. The first National Market opened in 1993 and at least 4 more are scheduled to open in 1994. While the growing non-union mass merchandise and club stores have lower labour costs, National has labour cost parity with other supermarket chains in St. Louis and a favourable resolution of labour cost issues is expected during 1994 negotiations.

In 1994, profits from the United States operations are expected to return to pre-strike levels.



RESULTS BY QUARTER

(\$ millions)	1993	1992	1991
SALES			
1st Quarter	\$2,114.9	\$1,938.0	\$1,871.9
2nd Quarter	2,161.4	2,119.8	2,008.5
3rd Quarter	2,893.0	2,812.8	2,646.6
4th Quarter	2,186.8	2,391.0	2,005.9
	<u>\$9,356.1</u>	<u>\$9,261.6</u>	<u>\$8,532.9</u>
OPERATING INCOME			
1st Quarter	\$ 39.8	\$ 37.9	\$ 43.8
2nd Quarter	48.0	44.7	52.1
3rd Quarter	55.5	53.1	64.7
4th Quarter	57.1	57.4	58.5
	<u>\$ 200.4</u>	<u>\$ 193.1</u>	<u>\$ 219.1</u>
INTEREST EXPENSE			
1st Quarter	\$ 10.5	\$ 13.2	\$ 14.8
2nd Quarter	9.6	13.9	12.5
3rd Quarter	16.3	18.0	16.5
4th Quarter	14.9	13.1	12.9
	<u>\$ 51.3</u>	<u>\$ 58.2</u>	<u>\$ 56.7</u>
NET EARNINGS			
1st Quarter	\$ 18.6	\$ 16.5	\$ 18.3
2nd Quarter	24.3	10.8	25.4
3rd Quarter	24.4	23.7	31.5
4th Quarter	26.1	28.8	29.5
	<u>\$ 93.4</u>	<u>\$ 79.8</u>	<u>\$ 104.7</u>
NET EARNINGS PER COMMON SHARE (in dollars)			
1st Quarter	\$.21	\$.18	\$.20
2nd Quarter	.28	.11	.30
3rd Quarter	.27	.26	.34
4th Quarter	.31	.33	.33
	<u>\$ 1.07</u>	<u>\$.88</u>	<u>\$ 1.17</u>

MANAGEMENT DISCUSSION AND ANALYSIS

In 1993, earnings improved to \$1.07 per share from \$.88 in 1992. In both years there was a significant unusual event which affected earnings. A 34 week strike in the United States in 1993 cost an estimated \$.20 per share while in the previous year a special provision cost \$.13. There were severe price wars in Ontario in 1992 and in Western Canada in 1993. Although continuing earnings were dampened somewhat in both years by these price wars, it is reasonable to conclude that apart from the unusual events, earnings have increased by over 25 percent this year, an indication of major operating improvement.

In 1994, we believe that earnings will continue to improve and because of the favourable labour resolution in the United States, that they will do so off a strike-adjusted base of \$1.27 per share.

RESULTS OF OPERATIONS

Sales

Loblaw Companies, under an accounting convention common in the food distribution industry, follows a 52 week reporting cycle which periodically necessitates a 53 week "catch-up" year. 1992 was a 53 week year. The extra week added approximately 2 percent to the year-over-year increase from 1991 to 1992 and produced a corresponding decrease in 1993.

	Sales (\$ millions)				
	1993	Change	1992	Change	1991
Eastern Canada					
Retail	\$3,286	5.3%	\$3,122	11.9%	\$2,789
Wholesale	1,850	7.7%	1,718	11.8%	1,537
	<u>\$5,136</u>	6.1%	<u>\$4,840</u>	11.9%	<u>\$4,326</u>
Western Canada					
Retail	\$2,001	6.2%	\$1,884	9.7%	\$1,717
Wholesale	862	(22.7%)	1,115	(6.4%)	1,191
	<u>\$2,863</u>	(4.5%)	<u>\$2,999</u>	3.1%	<u>\$2,908</u>
United States					
Retail	\$1,357	(4.3%)	\$1,418	10.8%	\$1,280
Wholesale			5	(73.7%)	19
	<u>\$1,357</u>	(4.6%)	<u>\$1,423</u>	9.5%	<u>\$1,299</u>
Combined					
Retail	\$6,644	3.4%	\$6,424	11.0%	\$5,786
Wholesale	2,712	(4.4%)	2,838	3.3%	2,747
	<u>\$9,356</u>	1.0%	<u>\$9,262</u>	8.5%	<u>\$8,533</u>

Note: For an understanding of the geographic areas covered by these operating segments, please refer to the map on page 2.

In **Eastern Canada**, same-store sales have been a significant factor in retail sales growth in both years, increasing at a rate of 7 percent in 1993 and 5 percent in 1992. Based on internal measures, price inflation did not contribute to these increases in 1993 and con-

tributed negative 1.4 percent in 1992. Although 7 new stores opened in 1993, a number of smaller units were closed or transferred to franchisees. Thus average retail square footage did not increase during the year, after increasing by 6 percent in 1992.

Wholesale sales increases are primarily increases in volume through franchised stores in both years. Similar to retail growth, this has been driven by same-store sales increases of 7 percent in 1993 and 3 percent in 1992 and growth of average franchised square footage of 6 percent in 1993 and 6 percent in 1992. This growth more than offset the 2 percent reduction from discontinuing supply to certain independents in the Atlantic region in 1993.

Square footage (corporate and franchise) is expected to have a net yearly average increase of over 5 percent in 1994. Sales growth will exceed this if same-store sales increases can be maintained.

In **Western Canada**, the principal factor in retail sales growth continues to be new stores. Five new Superstores opened in 1993 and yearly average square footage increased by 12 percent, compared to 11 percent in 1992. Retail sales growth did not keep pace with growth in square footage in either year, because new stores do not initially produce rates of sales per square foot as high as their more mature counterparts. Same-store sales increases were limited to 2 percent in 1993, compared to 4 percent in 1992, as a result of the price war in Alberta. Internal measures indicate that price inflation was not a significant factor in either year.

Wholesale sales have declined in both years. Strategic reduction of wholesale accounts and facilities rationalization, including the net closure of 3 branches in 1992 and 4 branches in 1993, has caused this decline.

Average square footage (corporate and franchise) is expected to have a net increase of approximately 10 percent in 1994 and continue to be a major driver of sales growth.

In the **United States**, sales in U.S. dollars decreased by 8.1 percent in 1993 compared to a 3.2 percent increase in 1992. Same-store sales declined by 5 percent in 1993 and by 3 percent in 1992. In 1993, the main factor in these declines was the strike in New Orleans although competitive encroachment in St. Louis was also a factor in both years. Average square footage declined slightly in 1993 despite the opening of 2 new stores in St. Louis, due to 5 store closures in New Orleans. Average square footage increased by 6 percent in 1992.

MANAGEMENT DISCUSSION AND ANALYSIS

Average square footage is expected to increase by approximately 7 percent in 1994. When this is combined with a recovery from the strike, a double digit sales increase should result.

Operating Income

	Operating Income (\$ millions)				
	1993	Change	1992	Change	1991
Eastern Canada	\$ 92	46.0%	\$ 63	(34.4%)	\$ 96
Operating margin	1.8%		1.3%		2.2%
Western Canada	\$ 95	6.7%	\$ 89	8.5%	\$ 82
Operating margin	3.3%		3.0%		2.8%
United States	\$ 13	(68.3%)	\$ 41		\$ 41
Operating margin	1.0%		2.9%		3.2%
Combined	\$200	3.6%	\$193	(11.9%)	\$219
Operating margin	2.1%		2.1%		2.6%

Geographic diversification is one of the strategies the Company employs to reduce risk by limiting exposure to regional economies. In 1993, operating income declined sharply in the United States as a result of the strike, but this was more than offset by increases in the other regions. In 1992, operating income declined sharply in Eastern Canada but this was offset somewhat by increases in Western Canada.

In **Eastern Canada**, operating income increased significantly in 1993, back up to approximately 1991 levels, after a temporary decline in 1992, which was a result of intense competitive activity and related gross margin decreases. Overall gross margins have not increased in 1993, but both 1992 and 1993 saw significant sales growth which combined with cost control, is generating the profit improvement. Retail operating profits almost doubled, driven by strong sales, slightly improved gross margins and declining cost ratios. In 1992, retail profits fell by almost 40 percent mainly as a result of gross margin declines. Wholesale operating income improved by over 15 percent after a 30 percent decline in 1992. The 1993 improvement comes from increased sales, improved cost control and reduced subsidies to franchisees. The 1992 decline was related to gross margins and subsidization of franchisees in an intensely competitive retail environment.

In 1994, at least 9 new corporate stores will open, compared to 7 new stores in 1993. Centralization of the administrative functions previously performed by both Atlantic Wholesalers and National Grocers was completed in 1993. Resulting efficiencies should benefit 1994. Continued improvement in operating results is expected for 1994 in Eastern Canada.

In **Western Canada**, retail operating income grew by about 10 percent compared to 30 percent last year. The primary factor in this growth continues to be the success of The Real Canadian Superstore program combined with cost control, but in the current year results were constrained by a price war in Alberta. Wholesale profits declined by about 15 percent, compared to a 30 percent decline last year, a result of the continued rationalization and branch closure program which is also improving wholesale margins and return on sales.

Four new Superstores are planned in 1994 to follow the 5 openings in 1993. This program should continue to increase retail earnings. The rationalization of the business in 1992 and 1993, focusing on more profitable accounts and ongoing productivity improvements in distribution should result in higher wholesale profits in 1994 as well.

In the **United States**, operating income from retail operations declined by about \$28 million in 1993 compared to a decline of about \$5 million in 1992. The major factor in the 1993 earnings decline was the strike in New Orleans which is estimated to have cost the business \$25 million before taxes or \$.20 per share. Such a severe labour disruption was not anticipated. Louisiana is a right-to-work state and our business is the only unionized chain in that market. Most employees opposed the strike and continued to work but a small group of strikers, less than 12 percent of the workforce, were very disruptive. Five stores were closed during the strike. Although the total cost was significant in the current year, we were willing to continue to operate this business with an uncompetitive labour agreement. Important labour parity with the rest of the market was finally achieved. In 1992, retail profits were negatively impacted by intense competitive pressure in New Orleans and competitive encroachment on sales in St. Louis which was also a factor in 1993.

In the New Orleans division, 2 of the stores closed during the strike will reopen in 1994 and a number of format conversions are planned. In St. Louis, 4 new stores are scheduled to open in 1994 compared to 2 in 1993. Retail profits are expected to return to pre-strike levels in 1994.

Net royalty income generated through the sale of President's Choice™ and Sam's American Choice products did not change significantly in 1993 from about \$5 million in 1992.

Interest expense declined by \$6.9 million in 1993 after increasing by \$1.5 million in 1992. The 53rd week added \$1.3 million to interest expense in 1992. The expense was reduced in both years by the effect of cross-currency swaps, discussed in Note 7 to the financial statements and this was the most significant factor in 1993's decline. The other important factor affecting interest was increased average net debt, which was up \$30 million in 1993 and \$60 million in 1992. Interest expense is expected to increase slightly in 1994 as a result of increased borrowings for capital expenditures.

In 1992, as a result of the Chapter 11 filing of a former United States subsidiary, Peter J. Schmitt, it was necessary to create a \$10 million **special provision** to cover continuing investments and guarantees.

The **effective tax rate** has increased by about 2 percentage points over the last two years and is expected to increase by another 3 percentage points in 1994 as a result of higher earnings from Canadian operations with higher effective tax rates.

FINANCIAL CONDITION

The sound financial position of the business did not change significantly in 1993 nor is it expected to in 1994. The **debt:equity** ratio rose from .38:1 in 1992 to .46:1 in 1993, but is still well within the Company's internal guideline of maintaining this ratio at less than 1:1. It is expected to increase slightly again in 1994. **Interest coverage** rose to 3.9 times in 1993 from 3.3 in 1992 and is expected to improve again in 1994.

Capital expenditures for fixed assets and acquisitions may be analyzed as follows:

	Capital Expenditures (\$ millions)		
	1994 Estimate	1993	1992
Eastern Canada	\$190.0	\$177.9	\$131.5
% of Total	(58%)	(56%)	(53%)
Western Canada	\$ 80.0	\$ 81.5	\$ 92.3
% of Total	(24%)	(26%)	(37%)
United States	\$ 60.0	\$ 55.2	\$ 23.2
% of Total	(18%)	(18%)	(10%)
	<u>\$330.0</u>	<u>\$314.6</u>	<u>\$247.0</u>
% for Corporate Stores	<u>88%</u>	<u>91%</u>	<u>82%</u>

Note: Projects already begun and which the Company is effectively committed to complete total approximately \$55 million of the \$330 million in 1994.

Capital expenditures are increasing to support the earnings momentum currently being generated in Canada and to renew the asset base in the United States.

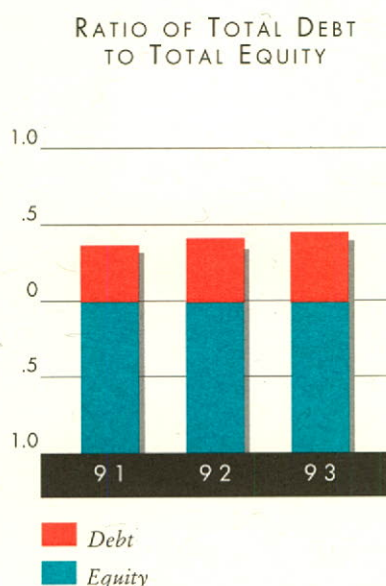
Cash flow from operations increased to \$281.8 million from \$273.3 million in 1992, falling below capital expenditures for the first time since 1988. This may recur in 1994. The Company continues to focus on working capital management. 1993 represents the sixth consecutive year in which working capital has been a source of cash and it should either be a source or a minimal use again in 1994.

Short term liquidity is provided by a combination of internally generated cash flow, net cash on hand and access to the commercial paper market. The Company maintains a \$500 million commercial paper program, supported by operating bank lines of credit, rated A-1 and R-1 (low) by Canadian Bond Rating Service (CBRS) and Dominion Bond Rating Service (DBRS) respectively. Financial instruments are used from time to time to manage the interest rate on the underlying commercial paper and short term investments.

Longer term capital resources are provided by direct access to capital markets. The Company has a debt rating of A (high) from CBRS and DBRS. In the third quarter, \$200 million of 40 year, 8.75% notes were issued to extend maturities to better match debt with planned capital expenditures. The weighted average interest rate on fixed rate long term debt (excluding capital lease obligations) at year end 1993 was 10.2 percent, down from 10.8 percent last year. The weighted average term to maturity (measured both on the basis of maturity date and on the earlier of maturity and first retraction date) was 25.0 and 23.4 years respectively at year end 1993 compared to 20.4 and 18.2 years at the end of 1992. The new debt issue materially improved the interest rate and extended the term to maturity.

The **common share equity** component of the capital structure remains substantial and preferred share equity has declined through retirements, by \$94.6 million over the past two years. As these preferred shares were a relatively expensive element of the capital structure, carrying dividends with an after tax cost of \$7.1 million, their elimination increases earnings available to common shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS



RISK AND RISK MANAGEMENT

The Company is an aggressive competitor in the food distribution business. Its strategies often involve entry into new markets, stimulating competitive reaction. It is willing to experiment with new store formats and to expand its operations through focused acquisitions when new opportunities arise. In 1993, Real Canadian Superstores were introduced in the markets of Thunder Bay, Ontario, Grande Prairie and Medicine Hat, Alberta and Courtenay, British Columbia. In 1994, these stores will be introduced in the markets of Yorkton, Saskatchewan and Langley and Duncan, British Columbia. A new format store, the National Market was introduced in St. Louis in 1993 with 4 more planned in 1994. The business continues to evolve its Real Canadian Wholesale Club format and several more of these are planned in 1994. Early in 1994, the Company entered into an agreement with The Food Group Inc., which will allow it to purchase 8 stores subject to certain conditions. If acquired, these stores will be integrated into the business in Eastern Canada. These strategies carry some short term earnings risk but are essential to long term security and growth.

Long term security and growth are fundamental to the Company's operating philosophy and will not be sacrificed for short term earnings. The primary risks to these long term goals are competitive erosion and loss of cost advantage.

In 1993, the business faced a price war in Western Canada and in 1992 fought to maintain market share in Ontario. Confidence in its operating capabilities and cost structure allowed it to face these threats, take some short term earnings reduction and emerge with a stronger market position. It is possible that 1994 may see increased competitive activity in the Maritimes.

Low cost, non-union competitors are a threat to cost advantage. In 1993, the business took a strike in New Orleans which had a serious impact on earnings but it now has a fully competitive labour agreement in that market for the first time in many years. In 1994, a total of 41 labour agreements affecting 19,000 employees will be renegotiated. The largest single employee group involved in negotiations in 1994 is about 5,000 employees. While it is possible that one or more of these could lead to some form of labour disruption, this is not anticipated. Generally the business has good relations with its employees and unions.

The business follows a number of policies designed to minimize risk to long term security and growth. It maintains a strong balance sheet so that it is not vulnerable to short term earnings pressure. It follows a policy of seeking store-by-store profitability and appropriate market share per store, rather than maximizing market share with disregard to cost structure. It is constantly seeking ways to lower its administrative and distribution expenses, which was the thrust of the reorganization in Eastern Canada this year. It operates on a broad geographic base to minimize exposure to regional economies. By operating in both the wholesale and retail sectors, it balances exposure to shifts in the economics of these two components of the industry. The business seeks to own its real estate whenever possible to preserve operating flexibility and to benefit from any long term appreciation. Powerful corporate brands such as President's Choice™, no name™, G•R•E•E•N™, "TOO GOOD TO BE TRUE!"™ and most recently Club Pack™ enhance customer loyalty by providing superior overall value to the customer.

The business is well positioned to provide earnings growth and superior food industry returns in 1994.

RESPONSIBILITY FOR FINANCIAL REPORTING

Management is responsible for the preparation and presentation of the consolidated financial statements and all other information in the Annual Report. This responsibility includes the selection of appropriate accounting principles and methods in addition to making the judgements and estimates necessary to prepare financial statements in accordance with generally accepted accounting principles. It also includes ensuring that the other financial information presented elsewhere in the Annual Report is consistent with the financial statements.

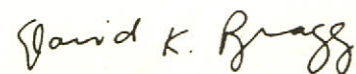
To provide reasonable assurance that assets are safeguarded and that relevant and reliable financial information is being produced, management maintains a system of internal controls. Internal auditors who are employees of the Company, review and evaluate internal controls on management's behalf, coordinating this work with the independent shareholders' auditors. The financial statements have been audited by the independent shareholders' auditors, KPMG Peat Marwick Thorne, whose report follows.

The Board of Directors, acting through an Audit Committee which is comprised solely of directors who are not employees of the Company, is responsible for determining that management fulfills its responsibilities in the preparation of financial statements and the financial control of operations. The Audit Committee recommends the independent auditors for appoint-

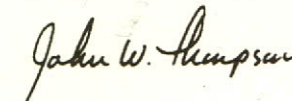
ment by the shareholders. It meets regularly with financial management, internal auditors and independent auditors to discuss internal controls, auditing matters and financial reporting issues. The independent shareholders' auditors have unrestricted access to the Audit Committee. The Committee reviews the Consolidated Financial Statements and the Management Discussion and Analysis prior to the Board approving them for inclusion in the Annual Report.



Richard J. Currie
President



David K. Bragg
Executive Vice President



John W. Thompson
Executive Vice President

March 2, 1994
Toronto, Canada

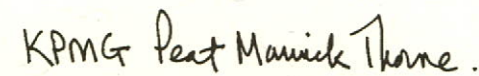
AUDITORS' REPORT

To the Shareholders of Loblaw Companies Limited: We have audited the consolidated balance sheets of Loblaw Companies Limited as at January 1, 1994 and January 2, 1993 and the consolidated statements of earnings, retained earnings and cash flow for the 52 week period and the 53 week period, respectively, then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An

audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at January 1, 1994 and January 2, 1993 and the results of its operations and the changes in its financial position for the periods then ended in accordance with generally accepted accounting principles.



Chartered Accountants
March 2, 1994
Toronto, Canada

KPMG Peat Marwick Thorne

CONSOLIDATED STATEMENT OF EARNINGS

52 Weeks Ended January 1, 1994

(in millions of dollars)	1993 (52 weeks)	1992 (53 weeks)	1991 (52 weeks)
SALES	\$9,356.1	\$9,261.6	\$8,532.9
OPERATING EXPENSES			
Cost of sales, selling and administrative expenses	9,033.3	8,952.8	8,209.2
Depreciation	122.4	115.7	104.6
	9,155.7	9,068.5	8,313.8
OPERATING INCOME	200.4	193.1	219.1
Interest expense (income)			
Long term debt	54.9	62.7	63.2
Short term debt/investments	(3.6)	(4.5)	(6.5)
	51.3	58.2	56.7
Special provision (note 2)		10.0	
Earnings before income taxes	149.1	124.9	162.4
Income taxes (note 3)	55.7	45.1	57.7
NET EARNINGS FOR THE PERIOD	\$ 93.4	\$ 79.8	\$ 104.7
NET EARNINGS PER COMMON SHARE	\$1.07	\$.88	\$ 1.17

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

52 Weeks Ended January 1, 1994

(in millions of dollars)	1993 (52 weeks)	1992 (53 weeks)	1991 (52 weeks)
RETAINED EARNINGS, BEGINNING OF PERIOD	\$ 618.0	\$ 567.8	\$ 499.1
Net earnings for the period	93.4	79.8	104.7
	711.4	647.6	603.8
Dividends declared			
Preferred shares	8.9	10.7	16.0
Common shares, per share - 24¢ (1992 - 24¢, 1991 - 23¢)	19.0	18.9	17.7
Share issue costs, net of income taxes			2.3
	27.9	29.6	36.0
RETAINED EARNINGS, END OF PERIOD	\$ 683.5	\$ 618.0	\$ 567.8

CONSOLIDATED BALANCE SHEET

As at January 1, 1994

(in millions of dollars)	1993	1992	1991
ASSETS			
CURRENT ASSETS			
Cash and short term investments	\$ 271.9	\$ 208.0	\$ 253.4
Accounts receivable	160.9	183.9	161.8
Taxes recoverable	1.5	1.1	
Inventories	653.1	642.9	615.2
Prepaid expenses and other assets	29.4	16.0	19.7
	1,116.8	1,051.9	1,050.1
INVESTMENTS (note 4)	84.1	94.1	106.8
FIXED ASSETS (note 5)	1,413.7	1,231.4	1,115.1
GOODWILL	48.7	52.0	54.0
OTHER ASSETS (note 7b)	79.4	44.7	35.6
	\$2,742.7	\$2,474.1	\$2,361.6
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities	\$ 931.0	\$ 862.8	\$ 721.8
Dividends payable			4.7
Taxes payable			27.7
Long term debt payable within one year (note 6)	37.8	5.6	33.1
	968.8	868.4	787.3
LONG TERM DEBT (note 6)	722.3	572.0	560.6
OTHER LIABILITIES (note 7a)	19.0	19.4	27.4
DEFERRED INCOME TAXES	29.8	42.1	45.3
	\$1,739.9	\$1,501.9	\$1,420.6
SHAREHOLDERS' EQUITY			
CAPITAL STOCK (note 8)			
Preferred shares	91.3	129.7	185.9
Common shares	228.1	222.8	218.2
	319.4	352.5	404.1
CONTRIBUTED SURPLUS	8.5	8.6	8.8
RETAINED EARNINGS	683.5	618.0	567.8
FOREIGN CURRENCY TRANSLATION ADJUSTMENT	(8.6)	(6.9)	(39.7)
	1,002.8	972.2	941.0
	\$2,742.7	\$2,474.1	\$2,361.6

Approved by the Board

W. Galen Weston

W. Galen Weston
Director

Richard J. Currie

Richard J. Currie
Director

CONSOLIDATED CASH FLOW STATEMENT

52 Weeks Ended January 1, 1994

(in millions of dollars)	1993 (52 weeks)	1992 (53 weeks)	1991 (52 weeks)
OPERATIONS			
Net earnings	\$ 93.4	\$ 79.8	\$ 104.7
Depreciation	122.4	115.7	104.6
Gain on sale of fixed assets	(.9)	(.7)	(2.8)
Deferred income taxes	11.6	(4.0)	(4.7)
Other	3.4	14.4	4.3
	229.9	205.2	206.1
Provided from working capital	51.9	68.1	14.8
Cash flow from operations	281.8	273.3	220.9
INVESTMENT			
Purchase of fixed assets	(314.6)	(198.1)	(158.9)
Acquisitions (note 9)		(48.9)	
Proceeds from sale of fixed assets	4.5	10.2	14.6
Decrease in investments in franchisees	4.0	2.1	13.6
Increase in security deposits (note 7b)	(23.4)		
Net (increase) decrease in other items	(10.1)	20.3	(23.4)
	(339.6)	(214.4)	(154.1)
Net cash (out) in before financing and dividends	(57.8)	58.9	66.8
FINANCING			
Long term debt - Borrowings	205.2	16.5	205.6
- Repayments	(28.2)	(34.9)	(91.3)
Capital stock - Issued	5.3	4.6	107.6
- Retired	(38.4)	(56.2)	(37.6)
Other	5.7		3.8
	149.6	(70.0)	188.1
DIVIDENDS	(27.9)	(34.3)	(32.7)
INCREASE (DECREASE) IN CASH	63.9	(45.4)	222.2
Cash at beginning of period	208.0	253.4	31.2
CASH AT END OF PERIOD	\$ 271.9	\$ 208.0	\$ 253.4

Cash is defined as cash and short term investments net of bank advances and notes payable.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

52 Weeks Ended January 1, 1994

(Narrative and tabular amounts in millions of dollars except Capital Stock note)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of consolidation

The consolidated financial statements include the accounts of the Company and all subsidiaries. The effective interest of Loblaw Companies Limited in the equity share capital of all principal subsidiaries is 100%.

b) Cash offsetting

Cash balances for which the Company has a right of offset are used to reduce reported short term borrowings. In addition, the Company has \$234.1 (1992 - \$237.8, 1991 - \$209.2) in short term investments held by its non-Canadian subsidiaries which is included in cash and short term investments. In 1992, \$29.8 of this was used to offset short term borrowings in Canada. The \$7.7 (1992 - \$11.0, 1991 - \$12.3) income from these investments is included as a reduction of interest expense.

c) Inventories

Retail store inventories are stated at the lower of cost and net realizable value less normal profit margin. All other inventories are stated at the lower of cost and net realizable value.

d) Fixed assets

Fixed assets are stated at cost, including capitalized interest. Interest capitalized during the period amounts to \$5.4 (1992 - \$3.8, 1991 - \$4.1). Depreciation is recorded principally on a straight line basis to amortize the cost of these assets over their estimated useful lives.

Estimated useful lives range from twenty-five to forty years for buildings and three to eight years for equipment and fixtures. Leasehold improvements are depreciated over the lesser of the applicable useful life and term of the lease.

e) Translation of foreign currencies

Foreign currency balances are translated at a rate approximating the current rate at each period end. The net difference on translation of the Company's equity in United States subsidiaries is included in the foreign currency translation adjustment within shareholders' equity.

Exchange gains or losses arising from cross-currency swaps considered a hedge against these investments are also included in the foreign currency translation adjustment. The balance in this account will be recognized in earnings in proportion to any reduction of the net investment in United States subsidiaries. Revenues and expenses are translated at a rate approximating the average rate for the period.

f) Goodwill

Goodwill reflects the excess of the cost of investments in subsidiaries over the fair value of the underlying net tangible assets acquired at the dates of acquisition. Goodwill is being amortized on a straight line basis determined for each acquisition over the estimated life of the benefit, to a maximum period of 40 years. The weighted average remaining amortization period is 25 years.

2. SPECIAL PROVISION

When the Company's former U.S. subsidiary, P.J. Schmitt, was sold in 1988, a preferred share investment was retained and certain loan guarantees were given. In June, 1992, Schmitt was granted protection from creditors under Chapter 11 and subsequently sold substantially all of its assets. This special provision reflects anticipated losses on the Company's investment and guarantees. No tax benefit has been taken on this provision.

3. INCOME TAXES

The Company's effective income tax rate is made up as follows:

	1993	1992	1991
Combined basic Canadian federal and provincial income tax rate	42.9%	41.7%	42.8%
Impact of operating in foreign countries with lower effective tax rates	(5.9)	(7.2)	(6.5)
Impact of special provision		3.3	
Other (including adjustment of prior years' estimates)	.4	(1.7)	(.8)
	37.4%	36.1%	35.5%

4. INVESTMENTS (at cost)

	1993	1992	1991
Secured loans and advances	\$ 6.2	\$ 23.4	\$ 28.6
Lease receivables	29.7	30.1	30.4
Investments in franchisees	21.0	25.0	27.1
Long term receivables and other investments	27.2	15.6	20.7
	\$ 84.1	\$ 94.1	\$ 106.8

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

52 Weeks Ended January 1, 1994

5. FIXED ASSETS

	1993			1992			1991
	Cost	Accumulated Depreciation	Net	Cost	Accumulated Depreciation	Net	Net
Properties held for development	\$ 48.7		\$ 48.7	\$ 31.6		\$ 31.6	\$ 17.3
Land	328.4		328.4	268.7		268.7	230.1
Buildings	820.1	193.4	626.7	704.4	160.8	543.6	483.0
Equipment and fixtures	845.5	559.5	286.0	766.7	504.4	262.3	254.1
Leasehold improvements	178.3	98.4	79.9	167.9	91.8	76.1	80.0
	2,221.0	851.3	1,369.7	1,939.3	757.0	1,182.3	1,064.5
Buildings and equipment under capital leases	87.2	43.2	44.0	88.8	39.7	49.1	50.6
	\$2,308.2	\$894.5	\$1,413.7	\$2,028.1	\$796.7	\$1,231.4	\$1,115.1

6. LONG TERM DEBT

			1993	1992	1991
Debentures					
Series 2, 12 1/4% due 1994		\$ 30.5	\$ 30.5	\$ 30.5	
Series 3, 11 5/8% repaid 1992				28.6	
Series 4, 11% due 1995		40.0	40.0	40.0	
Series 5, 10% due 2006		50.0	50.0	50.0	
Series 6, 9 3/4% due 2001		75.0	75.0	75.0	
Series 7, 9% due 2001		14.0	14.0	14.2	
Series 8, 10% due 2007		60.7	60.7	60.7	
Notes, 11.4% due 2031		180.3	200.0	200.0	
Notes, 8.75% due 2033		200.0			
Other long term debt at a weighted average interest rate of 10.82%, due 1994 - 2009		40.3	33.2	20.0	
Capital lease obligations at a weighted average interest rate of 12.7% due 1994 - 2017		69.3	74.2	74.7	
		760.1	577.6	593.7	
Less payable within one year		37.8	5.6	33.1	
		\$722.3	\$572.0	\$560.6	

The Series 5 and Series 6 debentures are retractable annually commencing 1996 and 1993, respectively. The interest rate on the Series 6 debentures was reset in 1993 at 9 3/4% (same rate as 1992). The Series 7 debentures are redeemable and retractable in 1996. The Series 8 debentures are redeemable in 2002. The five year schedule of repayments of long term debt, at the earlier of maturity or first retraction date, excluding the Series 6 debentures, is as follows: 1994 - \$37.8; 1995 - \$46.7; 1996 - \$78.8; 1997 - \$8.1; 1998 - \$9.3.

7. SWAPS

a) The Company has entered into cross-currency swaps to exchange a notional amount of \$503.3 Canadian debt for United States dollar debt. The swaps mature as follows: 1999 - \$125.2; 2000 - \$75.1; 2001 - \$112.5; 2002 - \$125.6; 2003 - \$33.3; 2004 - \$31.6. Currency adjustments receivable or payable arising from the swaps must be settled in cash on maturity. As at January 1, 1994, a currency adjustment of \$6.9 has been included in other liabilities. Long term interest expense has been decreased by the positive spread between Canadian floating rates, based on bankers acceptances and U.S. floating rates, based on LIBOR, applied to the notional amount exchanged.

In addition, the Company has entered into interest rate swaps converting a notional \$166 of 7.1% Canadian dollar fixed rate debt into floating rate debt based on bankers acceptances, maturing as follows: 2000 - \$14; 2003 - \$152.

The event of default by the counterparties to these swaps does not create a significant risk because there is no exposure to loss of the notional principal amounts.

b) The Company has \$23.4 (1992 - nil) on interest earning security deposit with counterparties to certain swaps. This restricted cash is included in other assets.

8. CAPITAL STOCK

	Number of shares issued			Paid-up-capital (in millions of dollars)		
	1993	1992	1991	1993	1992	1991
First preferred shares						
First series	439,652	439,652	439,652	\$ 22.0	\$ 22.0	\$ 22.0
Second series	283,398	290,798	299,048	9.3	9.6	9.9
	723,050	730,450	738,700			
Second preferred shares						
Third series		1,515,700	1,515,700		37.9	37.9
Fourth series	120	120	120	60.0	60.0	60.0
Fifth series			110			55.0
	120	1,515,820	1,515,930			
Junior preferred shares		2,200	11,375		.2	1.1
Total preferred shares				91.3	129.7	185.9
Common shares	79,425,426	78,932,026	78,381,416	228.1	222.8	218.2
Total capital stock				\$319.4	\$352.5	\$404.1

SHARE DESCRIPTION:

First preferred shares (authorized - 1,000,000)

First series - \$2.40 cumulative dividend redeemable at \$50.
Second series - \$3.70 cumulative dividend redeemable at \$70. Subject to certain exceptions, in each fiscal year, the Company is obligated to apply \$400,000 to the retirement of these shares.

Second preferred shares (authorized - unlimited)

Third series - \$1.825 cumulative dividend redeemable at \$25. These shares were retired according to their terms on September 1, 1993.

Fourth series - cumulative dividend with a fixed rate of 7.75% to March 1, 1995 and a floating rate thereafter, redeemable at \$500,000 each on or after March 1, 1995.

Fifth series - cumulative dividend with a fixed rate of 7.75% to March 1, 1995. These shares were retired according to their terms at \$500,000 each on March 1, 1992.

Junior preferred shares (authorized - unlimited)

Fourth series - cumulative dividend with floating rate equal to two-thirds of average bank prime rate plus $\frac{3}{4}\%$. The 2,200 fourth series were converted into 34,510 common shares in 1993. 9,175 third and fourth series shares were converted into 220,510 common shares in 1992.

Common shares (authorized - unlimited)

In 1993, the Company issued 34,510 (1992 - 220,510) common shares for a consideration of \$220,000 (1992 - \$917,500) on conversion of 2,200 junior preferred shares.

In 1993, the Company issued 458,890 (1992 - 330,100) common shares for cash consideration of \$5,121,542 (1992 - \$3,631,827) on exercise of employee stock options.

As at January 1, 1994, there were outstanding stock options, which were granted at the market price on the day preceding the grant, to purchase 3,665,829 common shares at prices ranging from $\$9\frac{1}{8}$ to $\$23\frac{3}{8}$ with a weighted average price of $\$19\frac{3}{4}$. Options expire on dates ranging from December 9, 1994 to December 17, 2000, with 329,890 expiring in 1994.

The exercise of the stock options would not materially dilute earnings per share.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

52 Weeks Ended January 1, 1994

9. ACQUISITIONS

There were no significant acquisitions in 1993. During 1992, the Company acquired 18 corporate stores and a warehouse in Newfoundland (by buying out the remaining 50 percent interest of its joint venture partner), 10 former Steinberg stores in the Ottawa Valley and 5 former Vinet's stores in Alberta.

These transactions have been accounted for using the purchase method with the results of operations included in these financial statements since the dates of acquisitions. Details of the acquisitions are as follows:

	1992
Working capital	\$ 4.8
Fixed assets	30.9
Investments	10.8
Other	2.4
Cash consideration	<u>\$48.9</u>

10. PENSIONS

Current actuarial estimates indicate that the present value of accrued pension benefits is \$423.4 (1992 - \$393.0, 1991 - \$378.6) and the value of pension fund assets is \$418.3 (1992 - \$352.9, 1991 - \$329.0).

11. OTHER INFORMATION

a) Segmented information

The Company's only significant activity is food distribution. Geographically segmented information is as follows:

	1993	1992	1991
Sales			
Eastern Canada	\$5,135.8	\$4,840.2	\$4,325.5
Western Canada	2,862.9	2,999.1	2,908.4
United States	1,357.4	1,422.3	1,299.0
Operating income			
Eastern Canada	\$ 92.0	\$ 62.9	\$ 96.0
Western Canada	95.0	89.0	81.7
United States	13.4	41.2	41.4
Total assets			
Eastern Canada	\$1,329.6	\$1,149.2	\$1,136.2
Western Canada	739.0	723.0	661.1
United States	674.1	601.9	564.3

b) Contingent liabilities and commitments

Endorsements and guarantees in the normal course of business amount to \$6.2. In addition to this amount, the Company has guaranteed, to the extent of \$13, its one-third interest in a loan to a real estate joint venture. One of the partners is insolvent. While the Company is continuing its efforts to ensure successful completion of the mixed use property, continued development is uncertain.

Gross rentals under leases assigned at the time of sale of United States divisions for which the Company is contingently liable, amount to \$32.0.

Commitments for net operating lease payments total \$889.0 (\$1,132.7 gross, net of \$243.7 of expected sub-lease income). Net payments for each of the next five years and thereafter are as follows: 1994 - \$105.1; 1995 - \$97.9; 1996 - \$88.3; 1997 - \$79.2; 1998 - \$68.3; thereafter to 2056 - \$450.2.

c) Related parties

The Company's majority shareholder, George Weston Limited and its subsidiaries are related parties. It is the Company's policy to conduct all transactions with related parties on normal trade terms. The magnitude of these transactions and related balances is not considered significant to the Company.

ELEVEN YEAR SUMMARY

SEGMENTED INFORMATION

(\$ millions)	1993	1992	1991	1990	1989	1988	1987	1986	1985	1984	1983
SALES											
Eastern Canada	5,136	4,840	4,326	4,212	3,988	3,705	3,601	3,067	2,780	2,692	2,538
Western Canada	2,863	2,999	2,908	2,892	2,650	2,340	2,088	2,031	1,888	1,702	1,583
United States	1,357	1,423	1,299	1,313	1,296	2,263	2,942	2,741	2,263	2,025	1,970
Total	9,356	9,262	8,533	8,417	7,934	8,308	8,631	7,839	6,931	6,419	6,091
OPERATING INCOME											
Eastern Canada	92	63	96	104	90	76	106	74	72	68	61
Western Canada	95	89	82	75	67	56	47	56	45	37	35
United States	13	41	41	36	34	28	37	33	35	33	32
Total	200	193	219	215	191	160	190	163	152	138	128
TOTAL ASSETS											
Eastern Canada	1,330	1,149	1,136	1,101	1,082	1,082	1,034	801	653	552	512
Western Canada	739	723	661	635	589	523	460	418	383	325	278
United States	674	602	564	367	369	399	719	759	494	387	361
Total	2,743	2,474	2,362	2,102	2,040	2,004	2,214	1,978	1,530	1,264	1,151
PURCHASE OF FIXED ASSETS											
Eastern Canada	178	91	84	101	88	95	152	157	91	61	56
Western Canada	82	84	54	51	64	59	24	41	47	40	30
United States	55	23	21	19	14	38	72	92	55	49	18
Total	315	198	159	171	166	192	248	290	193	150	104

ELEVEN YEAR SUMMARY

EARNINGS STATEMENT

(\$ millions)	1993	1992	1991	1990	1989	1988	1987	1986	1985	1984	1983
Sales	9,356	9,262	8,533	8,417	7,934	8,308	8,631	7,839	6,931	6,419	6,091
Trading profit *	323	309	324	320	291	258	290	249	225	205	190
Depreciation	123	116	105	105	100	98	100	86	73	67	62
Operating income	200	193	219	215	191	160	190	163	152	138	128
Interest	51	58	57	64	80	74	64	45	36	29	26
Income taxes	56	45	57	55	39	19	48	39	45	45	46
Minority interest					2	4	4	5	4	3	4
Earnings before extraordinary items	93	80	105	96	70	41	74	74	67	61	52
Extraordinary items						(15)				3	1
Net earnings	93	80	105	96	70	26	74	74	67	64	53

RETURN ON SALES (percent)

Operating income	2.1	2.1	2.6	2.5	2.4	1.9	2.2	2.1	2.2	2.1	2.1
Trading profit	3.5	3.3	3.8	3.8	3.7	3.1	3.4	3.2	3.2	3.2	3.1
Earnings before income taxes	1.6	1.3	1.9	1.8	1.4	.8	1.5	1.5	1.7	1.7	1.7
Net earnings	1.0	.9	1.2	1.1	.9	.3	.9	.9	1.0	1.0	.9

CASH FLOW

(\$ millions)	1993	1992	1991	1990	1989	1988	1987	1986	1985	1984	1983
Cash flow from operations	282	273	221	249	230	145	156	185	123	52	112
Purchase of fixed assets	315	198	159	171	166	192	248	290	193	150	104
Net cash (out) in before financing and dividends	(58)	59	67	109	32	68	(124)	(137)	(80)	(69)	68

* Trading profit is defined as operating income before depreciation.

ELEVEN YEAR SUMMARY

FINANCIAL POSITION

(\$ millions)	1993	1992	1991	1990	1989	1988	1987	1986	1985	1984	1983
Current assets	1,117	1,052	1,050	807	761	765	983	940	753	624	581
Current liabilities	969	868	787	756	727	684	843	739	627	495	470
Working capital	148	184	263	51	34	81	140	201	126	129	111
Fixed assets (net)	1,414	1,231	1,115	1,078	1,044	1,052	1,057	932	688	577	508
Total assets	2,743	2,474	2,362	2,102	2,040	2,004	2,214	1,978	1,530	1,264	1,151
Long term debt	760	578	594	473	541	559	588	518	342	251	219
Total debt	760	578	594	473	549	623	686	569	390	283	233
Retained earnings	684	618	568	499	434	390	396	348	295	245	198
Shareholders' equity	1,003	972	941	812	746	651	690	655	521	466	413
Average capital employed	1,712	1,609	1,479	1,360	1,379	1,433	1,393	1,141	893	761	692

RATIOS *

	1993	1992	1991	1990	1989	1988	1987	1986	1985	1984	1983
EARNINGS RATIOS ** (percent)											
Return on common equity	9.7	8.8	13.4	14.6	11.7	5.9	12.5	14.6	15.6	16.3	16.3
Return on capital employed	13.7	14.0	16.4	16.1	14.1	11.4	14.2	14.8	17.1	18.8	19.7
FINANCIAL RATIOS (xx:1)											
Total debt to equity	.46	.38	.36	.54	.70	.92	.95	.75	.75	.59	.45
Cash flow from operations to long term debt	.61	.74	.65	.56	.44	.26	.26	.38	.36	.21	.60
Interest coverage on total debt	3.91	3.32	3.86	3.35	2.39	2.16	3.00	3.62	4.17	4.72	4.86

PER COMMON SHARE

(dollars)	1993	1992	1991	1990	1989	1988	1987	1986	1985	1984	1983
Net earnings	1.07	.88	1.17	1.10	.80	.21	.87	.91	.85	.81	.66
Dividends - declared	.24	.24	.23	.20	.20	.20	.195	.175	.155	.135	.118
- year end rate	.24	.24	.24	.20	.20	.20	.20	.18	.16	.14	.12
Book value	11.37	10.57	9.52	7.99	7.10	6.62	7.12	6.68	5.85	5.09	4.33
Price range - high	24	20 ¹ / ₂	22 ¹ / ₂	18 ⁷ / ₈	15 ¹ / ₄	13 ¹ / ₈	16 ⁷ / ₈	14	12 ¹ / ₈	9 ³ / ₄	7 ³ / ₈
- low	18¹/₂	16 ³ / ₈	16 ³ / ₈	13 ⁵ / ₈	10 ¹ / ₄	9 ⁷ / ₈	9	11	8	6 ¹ / ₂	4 ⁵ / ₈
Cash flow from operations ***	3.44	3.34	2.70	3.21	3.02	1.85	2.01	2.47	1.63	.64	1.50

* For purposes of calculating financial ratios, debt is reduced by cash, short term investments and security deposits.

** Earnings ratios have been computed as follows:

Return on common equity - Earnings before extraordinary items less preferred dividends divided by average common share capital, retained earnings, foreign currency translation adjustment and the applicable portion of contributed surplus.

Return on capital employed - Operating income divided by average total assets (less cash, short term investments and security deposits) less non-interest bearing liabilities.

*** Cash flow from operations per common share is after preferred dividends.

CORPORATE STRUCTURE

LOBLAW COMPANIES LIMITED

DIRECTORS

W. Galen Weston, oc
*Chairman and President,
George Weston Limited*

Richard J. Currie
*President,
Loblaw Companies Limited*

Camilla Dalglish
Corporate Director

Sheldon V. Durtsche*
Corporate Director

Robert H. Kidd*
*Senior Vice President and
Chief Financial Officer,
George Weston Limited*

Roger A. Lindsay
*Executive Vice President,
Wittington Investments, Limited*

Arthur H. Mingay*
Corporate Director

Shirley E. Robertson
Corporate Director

T. Iain Ronald*
*Vice Chairman,
Canadian Imperial Bank
of Commerce*

*member – Audit Committee

CORPORATE OFFICERS

W. Galen Weston, oc
Chairman of the Board

Richard J. Currie
President

David K. Bragg
Executive Vice President

Serge K. Darkazanli
Executive Vice President

Harold A. Seitz
Executive Vice President

John W. Thompson
Executive Vice President

David M. Williams
Executive Vice President

Stewart E. Green
*Senior Vice President
and Secretary*

Donald G. Reid
*Senior Vice President,
Finance*

Roy R. Conliffe
*Vice President,
Labour Relations*

Louise M. Lacchin
Vice President, Treasurer

Glenn D. Leroux
*Vice President,
Risk Management*

John N. McCullough
*Vice President,
General Counsel*

Richard P. Mavrinac
Vice President, Taxation

George D. Seslija
*Vice President,
Real Estate Development*

Stephen A. Smith
Vice President, Controller

Barbara T. Cook
Assistant Controller

Manny DiFilippo
*Assistant Vice President,
Systems and Control*

Robert A. Balcom
*Assistant Secretary,
Legal Counsel*

Marian M. Burrows
Assistant Secretary

Dorothy M. Leamen
Assistant Secretary

*The average age and years
of service of the Officers
and operating Presidents are
47 and 17 years respectively.*

SHAREHOLDER INFORMATION

EXECUTIVE OFFICES

22 St. Clair Avenue East
Toronto, Canada
M4T 2S8
Tel: (416) 922-8500
Fax: (416) 922-7791

STOCK LISTINGS

Toronto, Montreal and
Vancouver Stock Exchanges

SHARE SYMBOL - "L"

COMMON SHARES OUTSTANDING

70 percent of the common shares are owned by
George Weston Limited.

Total outstanding	79,425,426
Shares available for public trading	23,666,476

AVERAGE DAILY TRADING VOLUME 40,500

DIVIDEND POLICY

It is the Company's policy to maintain a stable dividend payment of approximately 20 percent of the prior year's earnings per common share.

COMMON DIVIDEND PAYMENT DATES

April 1
July 1
October 1
December 30

VALUATION DAY VALUE OF COMMON SHARES

\$2.875

INVESTOR RELATIONS

Copies of the Company's Annual Information Form filed with regulatory authorities and additional copies of this Annual Report may be obtained from the Secretary upon specific request.

Other information requests should be directed to Mr. John W. Thompson, Executive Vice President, or Mr. David K. Bragg, Executive Vice President.

TRANSFER AGENT AND REGISTRAR

The R-M Trust Company
Toronto, Montreal,
Vancouver, Winnipeg,
Calgary, Regina, Halifax

GENERAL COUNSEL

Borden & Elliot
Toronto, Canada

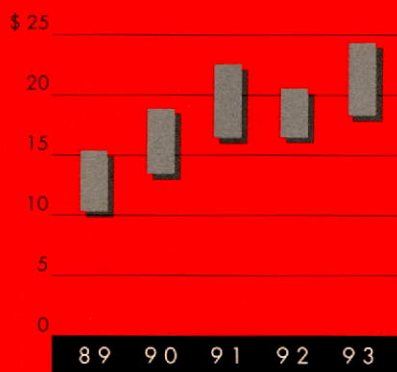
AUDITORS

KPMG Peat Marwick Thorne
Toronto, Canada

ANNUAL GENERAL MEETING

April 27, 1994 at 11:00 a.m.
The Westin Harbour Castle
Meeting Room
1 Harbour Square
Toronto, Canada

COMMON SHARE
PRICE RANGE
(dollars)



EARNINGS PER SHARE
(dollars)

